

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 2520 - HB 2777

February 25, 2012

SUMMARY OF BILL: Directs that every dependent child of a military parent who qualifies for in-state tuition at a Tennessee Board of Regents (TBR) or University of Tennessee (UT) system school is to receive a 25 percent tuition discount. Specifies that any child receiving the discount, but whose parent dies during the time the child is enrolled and receiving the discount, is eligible to continue receiving the discount. Defines “dependent child” and “military parent” for the purposes of tuition discounts. Authorizes the Tennessee Higher Education Commissioner to promulgate rules and regulations as necessary to effectuate the discount.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$649,000/FY12-13

\$694,300/FY13-14

Exceeds \$694,300/FY13-14 and Subsequent Fiscal Years

Assumptions:

- The number of dependents of military children who will qualify for the discount is unknown. TBR and UT have estimated the number of dependents affected based on the overall United States population and Tennessee’s population.
- Tennessee’s population is two percent of the total population of the United States.
- There are 1,417,370 active duty military personnel. TBR and UT assume that two percent of those (28,347) have permanent Tennessee residency.
- According to TBR and UT, 44.1 percent of active duty military personnel have children and each, on average, have two children. Approximately 25,002 children of military dependents ($28,347 \times 44.1\% \times 2$) have permanent Tennessee residency.
- According to TBR and UT, 12.1 percent of the children of active duty military personnel are college age. This will be 3,025 ($25,002 \times 12.1\%$) children in Tennessee.
- TBR and UT estimate that 50.7 percent of 18-24 year olds have at least some college education; therefore, they assume that 50.7 percent of 3,025 will attend college in Tennessee.
- Approximately 1,534 students who are dependents of active-duty military personnel will attend a higher education institution in Tennessee and receive the 25 percent discount.
- According to UT and TBR, 51 percent of all students attend a higher education institution in the TBR system and 12 percent attend an institution in the UT system.

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- An estimated 782 students ($1,534 \times 51\%$) will receive a tuition discount at a TBR institution.
- TBR assumes a seven percent average increase in the tuition discount each year. The tuition waiver at TBR schools for FY10-11 was \$553 and increased to \$591 in FY11-12.
- The tuition discount will be \$633 in FY12-13 and \$677 in FY13-14.
- The decrease in state revenue for TBR in FY12-13 will be \$495,006 ($\633×782).
- The decrease in state revenue for TBR in FY13-14 will be \$529,414 ($\677×782).
- An estimated 184 students ($1,534 \times 12\%$) will attend a UT institution.
- According to UT, the average tuition discount in FY10-11 was \$731 and increased to \$782 in FY11-12.
- UT assumes an average increase of seven percent in the tuition discount each year. The tuition discount will be \$837 in FY12-13 and \$896 in FY13-14.
- The decrease in state revenue for UT in FY12-13 will be \$154,008 ($\837×184).
- The decrease in state revenue for UT in FY13-14 will be \$164,864 ($\896×184).
- The total decrease in state revenue in FY12-13 will be \$649,014 ($\$495,006 + \$154,008$).
- The total increase in state expenditures in FY13-14 will be \$694,278 ($\$529,414 + \$164,864$).
- The average tuition discount will grow approximately seven percent each year, resulting in a decrease in state revenue exceeding \$694,278 in FY14-15 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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